

## **STATEMENT OF PURPOSE**

### **RS21154**

The purpose of this legislation is to amend section 63-1003 to provide that delinquencies on personal property taxes shall be first and prior perpetual liens on specified property, except as to any valid purchase money security interest in the property or as otherwise provided by law.

A Purchase Money Security Interest (PMSI) is obtained by a financial organization for all equipment it finances. It is vital to ensure the financial organization's interest in the equipment in case of default, bankruptcy, death, etc. The current statute requires the financing organization to pay off the entire tax lien before repossessing or selling the collateral. This legislation will protect the security interests created under UCC article 9 by providing an exception for valid purchase money security interests.

### **FISCAL NOTE**

There is no fiscal impact to the general fund. There is little, if any, fiscal impact to personal property tax revenues as counties do not typically exercise this authority

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